

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

*Charter Township of Texas*  
*Kalamazoo County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended December 31, 2004*

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Charter Township of Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Our discussion and analysis of the Charter Township of Texas' (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2004. Please read it in conjunction with the Township's financial statements.

**FINANCIAL HIGHLIGHTS**

- The Township's total net assets increased by \$155,491 (1.2 percent) as a result of this year's activities.
- Of the \$13,358,940 total net assets reported, \$3,406,053 (25.5 percent) is unrestricted, or available to be used at the Board's discretion.
- The General Fund's unreserved, undesignated fund balance at the end of the fiscal year was \$1,450,145, which represents 93.8 percent of the actual total General Fund expenditures for the current fiscal year.

**Overview of the financial statements**

The Township's basic financial statements are comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds and internal service funds, as well as additional information. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township, reporting the Township's operations in more detail than the government-wide financial statements.
  - Governmental fund statements tell how general government services, like public safety, were financed in the short-term, as well as what remains for future spending.
  - Proprietary fund statements offer short- and long-term financial information about the activities the government operates like a business.
  - Fiduciary fund statements provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Because this is the first year of this reporting format, a comparative analysis of the basic financial statements was not practicable. Comparative analyses of the basic financial statements will be made in subsequent years.

### **Government-wide financial statements**

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets (the difference between the Township's assets and liabilities) is one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

### **Fund financial statements**

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes (like Revolving Improvement Fund, a nonmajor fund) or to show that it is properly using certain other revenues (like special assessments collected for the Lakes Sewer Debt Fund).

The Township has three kinds of funds:

- Governmental funds. Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out and, (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements that explains the relationship between them.
- Proprietary fund. Services for which the Township charges customers a fee are generally reported in proprietary fund. Proprietary fund, like the government-wide statements, provide both long- and short-term financial information.
  - In fact, the Township's enterprise fund (one type of proprietary fund) is the same as its business-type activities but provide more detail and additional information, such as cash flows.

**Charter Township of Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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**Fund financial statements (Continued)**

- **Fiduciary funds.** These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the government. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Township's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE**

**Net assets.** Total net assets at the end of the fiscal year were \$13,358,940, an increase of 1.5 percent compared to the prior year. Of this total, \$6,823,402 is invested in capital assets (net of related debt) and \$3,129,485 is restricted for various purposes. Consequently, unrestricted net assets were \$3,406,053, or 25.5 percent of the total.

Current assets	\$ 6,059,647
Noncurrent assets	<u>11,809,447</u>
<b>Total assets</b>	<u><b>17,869,094</b></u>
Current liabilities	1,275,752
Noncurrent liabilities	<u>3,234,402</u>
<b>Total liabilities</b>	<u><b>4,510,154</b></u>
Net assets:	
Invested in capital assets (net of related debt)	6,823,402
Restricted	3,129,485
Unrestricted	<u>3,406,053</u>
<b>Total net assets</b>	<u><b>\$ 13,358,940</b></u>

**Charter Township of Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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**Changes in net assets.** The Township's total revenues are \$2,405,206. Nearly 17 percent of the Township's revenues come from property taxes and another 42 percent come from charges for services.

The total cost of all the Township's programs, covering a wide range of services, totaled \$2,246,715. More than 31.4 percent of the Township's costs relate to the provision of general government. Public safety costs account for 28.3 percent of the costs and public works costs account for 24.1 percent of the Township's total costs.

Program revenues:	
Charges for services	\$ 1,009,811
Operating grants and contributions	7,633
Capital grants and contributions	11,585
General revenues:	
Property taxes	410,803
State grants	718,582
Franchise fees	50,305
Unrestricted investment earnings	177,789
Other	14,898
Special item - gain on sale of assets	<u>3,800</u>
<b>Total revenues</b>	<b><u>2,405,206</u></b>
Expenses:	
Legislative	13,251
General government	705,472
Public safety	636,323
Public works	542,397
Community and economic development	93,700
Recreation and cultural	8,466
Interest and fees	200,106
Transfer to Component Unit	<u>50,000</u>
<b>Total expenses</b>	<b><u>2,249,715</u></b>
<b>Increase in net assets</b>	<b><u>\$ 155,491</u></b>



**Charter Township of Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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**Governmental activities**

Governmental activities increased the Township's net assets by \$155,491. The increase was the result of an increase in user charges and efforts to control costs.

The cost of all governmental activities this year was \$636,323. After subtracting the direct charges to those who directly benefited from the programs \$(237,434), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$467,636.

**Business-type activities**

Business-type activities associated with the Building Inspections Fund increased the Township's net assets by \$84,717 because revenue from permits exceeded the cost of this activity.

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

**Governmental funds**

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$4,999,213, a decrease of \$(182,852) in comparison with the prior year. This decrease was primarily due to sewer expansion projects and payment of debt service. Of the total fund balances, 29 percent constitutes unreserved fund balance, which is available for spending at the Township's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) for capital projects in the next year \$(0), (2) for future capital projects \$(2,295,938), (3) to generate income to pay for long-term debt, \$(641,166), or (4) for other restricted purposes \$(611,964).

The General Fund is the chief operating fund of the Township. At the end of the fiscal year, unreserved fund balance was \$1,450,145, which represents 93.8 percent of the actual total General Fund expenditures for the current fiscal year. Total fund balance decreased by \$(9,680) during the fiscal year primarily due to a decline of state revenue sharing.

The Sewer & Water Fund experienced a decrease in fund balance of \$(115,511). The decrease was created by a transfer to Kelly Meadows Sewer for the construction of a sanitary sewer system. These funds will be repaid as special assessments are collected.

The Lakes Sewer Debt Fund experienced a decrease in fund balance of \$(96,942). The decrease was created by insufficient revenue to fund debt service costs.

The Rudgate 1, 2, & 3 Debt Fund experienced an increase in fund balance of \$5,275. The increase was created by the early payoff of two special assessments.

**Charter Township of Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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**Proprietary fund**

The Building Inspections Fund experienced an operating gain of \$84,717. Net assets are \$176,196 at year end.

**General fund budgetary highlights**

The difference between the original budget and the final amended budget for expenditures was an increase of \$145,490 primarily due to an unexpected increase in capital outlay expenditures.

**Capital assets and debt administration**

**Capital assets**

The Township's investment in capital assets for its governmental and business-type activities as of December 31, 2004, amounts to \$10,507,804 (net of accumulated depreciation). This investment includes a broad range of assets, including fire equipment and vehicles, buildings, and sewer and water facilities. The increase in the Township's net investment in capital assets for the current fiscal year was \$439,587.

Major capital asset events during the current fiscal year included the following:

- Sewer extension in Kelly Meadows for \$204,000
- Rescue vehicle for \$132,381
- Land acquisition of \$45,000

More detailed information about the Township's capital assets is presented in Note 5 of the notes to the basic financial statements.

**Long-term debt**

At the end of the fiscal year, the Township had total long-term bonds outstanding in the amount of \$3,619,000 which represent a decrease of \$265,000 or 7 percent. Of this amount, \$3,619,000 comprises debt backed by the full faith and credit of the Township.

During the year ended December 31, 2004, the Township refunded two prior bond issues through the issuance of separate bond issues through the County of Kalamazoo aggregating \$2,910,000.

State statutes limit the amount of general obligation debt the Township can issue to 10 percent of its total state equalized assessed value of property. The Township's total general obligation debt \$3,619,000 is significantly lower than the current state-imposed limit of \$60,161,790.

More detailed information about the Township's long-term liabilities is presented in Note 7 of the notes to the basic financial statements.

**Economic condition and outlook**

The Township continues to experience a high growth rate in residential development with an increase of \$32 million in taxable value in 2004. This growth has helped to offset the decrease in state revenue sharing with the state continuing to struggle and local units wary of additional cuts. Overall, revenues are expected to remain stable for 2005.

The Township has approved a pathway project for 2005 from Texas Drive Park to the intersection of Texas Drive and 8<sup>th</sup> Street. The Township also adopted a policy in 2004 to special assess plat roads for road improvements. The Township will fund 25% of the cost of road improvements, 25% will be funded by County Road Commission Participating Funds, and the remaining 50% will be assessed to residents.

**Contacting the Township's financial management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Linda Kerr, Township Clerk  
Charter Township of Texas  
7110 West Q Avenue  
Kalamazoo, MI 49009

Phone: (269) 375-1591  
E-mail:

## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Charter Township of Texas, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Charter Township of Texas, Michigan, as of December 31, 2004, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of Charter Township of Texas, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of Charter Township of Texas, Michigan, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 8, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of December 31, 2004.

The management's discussion and analysis and budgetary comparison information on pages i through vii and 24 through 26, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Board of Trustees  
Charter Township of Texas, Michigan  
Page 2**

**Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Texas, Michigan, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.**

*Siegfried Crandall P.C.*

**February 18, 2005**

## **BASIC FINANCIAL STATEMENTS**

**Charter Township of Texas**  
**STATEMENT OF NET ASSETS**  
December 31, 2004

	<b><u>Primary governmental activities</u></b>	<b><u>Component unit</u></b>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 5,499,182	\$ 15,946
Receivables (net)	560,465	14,760
Total current assets	6,059,647	30,706
Noncurrent assets:		
Special assessments	1,197,935	-
Capital assets (net of accumulated depreciation)	10,507,804	-
Unamortized bond issue costs	103,708	-
Total noncurrent assets	11,809,447	-
Total assets	17,869,094	30,706
<b>LIABILITIES</b>		
Current liabilities:		
Payables	101,857	-
Deferred revenue	723,895	16,334
Bonds payable	450,000	-
Total current liabilities	1,275,752	16,334
Noncurrent liabilities:		
Bonds payable	3,234,402	-
Total liabilities	4,510,154	16,334
<b>NET ASSETS</b>		
Invested in capital assets (net of related debt)	6,823,402	-
Restricted for:		
Public safety	176,196	-
Public works	2,312,123	-
Debt service	641,166	-
Unrestricted	3,406,053	14,372
Total net assets	\$ 13,358,940	\$ 14,372

See notes to financial statements

**Charter Township of Texas**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2004

		<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>services</u>	<u>grants and</u>	<u>grants and</u>
			<u>contributions</u>	<u>contributions</u>
<b>Functions/Programs</b>	<u>Expenses</u>			
<b>Primary government:</b>				
Governmental activities:				
Legislative	\$ 13,251	\$ -	\$ -	\$ -
General government	705,472	237,836	-	-
Public safety	636,323	269,434	-	11,585
Public works	542,397	472,064	7,633	-
Community and economic development	93,700	29,627	-	-
Culture and recreation	8,466	850	-	-
Interest and fees	<u>200,106</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 2,199,715</u>	<u>\$ 1,009,811</u>	<u>\$ 7,633</u>	<u>\$ 11,585</u>
<b>Component unit - DDA</b>	<u>\$ 62,881</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
State shared revenue				
Franchise fees				
Unrestricted investment return				
Other				
Special item - gain on sale of assets				
Transfers				
Total general revenues, special item and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				



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***Net (expenses) revenues and  
changes in net assets***

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***Primary  
government***

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<b><i>Governmental activities</i></b>	<b><i>Component unit</i></b>
\$ (13,251)	
(467,636)	
(355,304)	
(62,700)	
(64,073)	
(7,616)	
<u>(200,106)</u>	
 <u>(1,170,686)</u>	
	\$ <u>(62,881)</u>
 410,803	15,774
718,582	-
50,305	-
177,789	-
14,898	-
3,800	-
<u>(50,000)</u>	<u>50,000</u>
 <u>1,326,177</u>	<u>65,774</u>
 155,491	2,893
<u>13,203,449</u>	<u>11,479</u>
 <u>\$ 13,358,940</u>	<u>\$ 14,372</u>

See notes to the financial statements

**Charter Township of Texas**  
**BALANCE SHEET - governmental funds**  
December 31, 2004

	<u>General</u>	<u>Sewer &amp; Water</u>	<u>Lakes Sewer Debt</u>
<b>ASSETS</b>			
Cash	\$ 1,638,977	\$ 1,705,114	\$ 1,531
Receivables	<u>417,465</u>	<u>35,205</u>	<u>559,878</u>
Total assets	<u>\$ 2,056,442</u>	<u>\$ 1,740,319</u>	<u>\$ 561,409</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Payables	\$ 25,680	\$ 4,955	\$ 570
Deferred revenue	<u>580,617</u>	<u>35,205</u>	<u>559,878</u>
Total liabilities	606,297	40,160	560,448
Fund balances - undesignated	<u>1,450,145</u>	<u>1,700,159</u>	<u>961</u>
Total liabilities and fund balances	<u>\$ 2,056,442</u>	<u>\$ 1,740,319</u>	<u>\$ 561,409</u>

Amounts reported for *governmental activities* in the statement of net assets (page 4) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of the Building Inspections Fund that have been combined with those of *governmental activities*.

Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.

Interest related to long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds.

Net assets of *governmental activities*

<b><i>Rudgate 1, 2, &amp; 3 Debt</i></b>	<b><i>Total nonmajor governmental funds</i></b>	<b><i>Total governmental funds</i></b>
\$ 172,667	\$ 1,803,662	\$ 5,321,951
<u>271,882</u>	<u>473,970</u>	<u>1,758,400</u>
<u>\$ 444,549</u>	<u>\$ 2,277,632</u>	<u>\$ 7,080,351</u>
\$ -	\$ 42,618	\$ 73,823
<u>271,882</u>	<u>559,733</u>	<u>2,007,315</u>
271,882	602,351	<u>2,081,138</u>
<u>172,667</u>	<u>1,675,281</u>	4,999,213
<u>\$ 444,549</u>	<u>\$ 2,277,632</u>	
		10,507,804
		(3,580,694)
		176,196
		1,283,421
		<u>(27,000)</u>
		<u>\$ 13,358,940</u>

See notes to financial statements

**Charter Township of Texas****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - governmental funds**

Year ended December 31, 2004

	<u>General</u>	<u>Sewer &amp; Water</u>	<u>Lakes Sewer Debt</u>
<b>REVENUES</b>			
Taxes	\$ 551,040	\$ -	\$ -
Licenses and permits	88,137	-	-
State grants	726,215	-	-
Charges for services	91,719	79,204	6,440
Fines and forfeitures	7,710	-	-
Interest and rentals	19,586	32,384	39,763
Other	30,533	13,964	103,279
	<u>1,514,940</u>	<u>125,552</u>	<u>149,482</u>
Total revenues			
<b>EXPENDITURES</b>			
Legislative	13,251	-	-
General government	661,613	550	3,506
Public safety	390,220	-	-
Public works	145,991	21,513	-
Community and economic development	93,700	-	-
Culture and recreation	8,466	-	-
Capital outlay	231,960	-	-
Debt service:			
Principal	-	-	2,150,000
Interest	-	-	183,071
	<u>1,545,201</u>	<u>22,063</u>	<u>2,336,577</u>
Total expenditures			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(30,261)</u>	<u>103,489</u>	<u>(2,187,095)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond proceeds	-	-	2,072,153
Transfers in	78,581	-	18,000
Transfers out	(58,000)	(219,000)	-
	<u>20,581</u>	<u>(219,000)</u>	<u>2,090,153</u>
Total other sources (uses)			
<b>NET CHANGES IN FUND BALANCES</b>	(9,680)	(115,511)	(96,942)
<b>FUND BALANCES - BEGINNING</b>	<u>1,459,825</u>	<u>1,815,670</u>	<u>97,903</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,450,145</u>	<u>\$ 1,700,159</u>	<u>\$ 961</u>

<b><i>Rudgate 1, 2, &amp; 3 Debt</i></b>	<b><i>Total nonmajor governmental funds</i></b>	<b><i>Total governmental funds</i></b>
\$ -	\$ -	\$ 551,040
-	-	88,137
-	-	726,215
-	222,730	400,093
-	-	7,710
25,739	61,167	178,639
<u>36,250</u>	<u>191,713</u>	<u>375,739</u>
 61,989	 475,610	 2,327,573
-	-	13,251
200	1,450	667,319
-	-	390,220
-	368,666	536,170
-	-	93,700
-	-	8,466
-	3,627	235,587
34,000	991,000	3,175,000
<u>22,515</u>	<u>110,528</u>	<u>316,114</u>
 56,715	 1,475,271	 5,435,827
 5,274	 (999,661)	 (3,108,254)
-	903,249	2,975,402
-	209,000	305,581
<u>-</u>	<u>(78,581)</u>	<u>(355,581)</u>
 -	 1,033,668	 2,925,402
5,274	34,007	(182,852)
<u>167,393</u>	<u>1,641,274</u>	<u>5,182,065</u>
<u>\$ 172,667</u>	<u>\$ 1,675,281</u>	<u>\$ 4,999,213</u>

See notes to financial statements

**Charter Township of Texas**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - governmental funds (Continued)**  
Year ended December 31, 2004

	<u><b>Total governmental funds</b></u>
Net changes in fund balances - total governmental funds	\$ (182,852)
Amounts reported for <i>governmental activities</i> in the statement of activities (page 5) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$439,587) exceeded depreciation (\$319,801) in the current period.	119,786
Change in net assets of the Building Inspections Fund that have been combined with those of the governmental activities.	84,717
Interest expense is recorded when incurred in the statement of activities.	12,300
Because some special assessments will not be collected until subsequent periods, they are not considered available revenues and are deferred in the governmental funds. Deferred special assessment revenues decreased by this amount this year.	(181,766)
Repayment of contract principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>303,306</u>
Changes in net assets of <i>governmental activities</i>	<u>\$ 155,491</u>

See notes to financial statements

**Charter Township of Texas**  
**STATEMENT OF NET ASSETS - *proprietary fund***  
December 31, 2004

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	<b><u>Building inspections</u></b>
<b>ASSETS</b>	
Cash	\$ 177,231
<b>LIABILITIES</b>	
Payables	<u>1,035</u>
<b>NET ASSETS - unrestricted</b>	176,196
 Amounts reported for business-type activities in the government-wide statement of net assets (page 4) are different because:	
Assets and liabilities of the Building Inspections Fund have been combined with those of <i>governmental activities</i> .	<u>(176,196)</u>
Net assets of business-type activities	<u>\$ -</u>

See notes to financial statements

**Charter Township of Texas**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET**  
**ASSETS - *proprietary fund***  
*Year ended December 31, 2004*

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	<b><i>Building inspections</i></b>
<b>OPERATING REVENUES</b>	
Charges for services - licenses and permits	\$ 259,399
<b>OPERATING EXPENSES</b>	
Salaries and fringe benefits	141,683
Supplies	<u>32,999</u>
Total operating expenses	<u>174,682</u>
<b>CHANGE IN NET ASSETS</b>	84,717
<b>NET ASSETS - BEGINNING</b>	<u>91,479</u>
<b>NET ASSETS - ENDING</b>	<u><u>\$ 176,196</u></u>
<b>CHANGE IN NET ASSETS</b>	\$ 84,717
Amounts reported for business-type activities in the government-wide statement of activities (page 5) are different because:	
Revenues and expenses of the Building Inspections Fund have been combined with those of the <i>governmental activities</i> .	
	<u>(84,717)</u>
Change in net assets of business-type activities	<u><u>\$ -</u></u>

See notes to financial statements



**Charter Township of Texas**  
**STATEMENT OF CASH FLOWS - proprietary fund**  
Year ended December 31, 2004

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	<u><b>Building inspections</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 259,399
Payments to suppliers	(116,490)
Payments to employees	<u>(58,216)</u>
Net cash provided by operating activities	<u>84,693</u>
<b>NET INCREASE IN CASH</b>	84,693
<b>CASH - BEGINNING</b>	<u>92,538</u>
<b>CASH - ENDING</b>	<u><u>\$ 177,231</u></u>
<b>Reconciliation of change in net asset to net cash provided by operating activities:</b>	
Change in net assets	\$ 84,717
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in payables	<u>(24)</u>
Net cash provided by operating activities	<u><u>\$ 84,693</u></u>

See notes to financial statements

**Charter Township of Texas**  
**STATEMENT OF FIDUCIARY NET ASSETS - *agency fund***  
*December 31, 2004*

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**ASSETS**

Cash	\$ 2,067,884
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**LIABILITIES**

Payables	\$ 2,067,884
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*See notes to financial statements*

**Charter Township of Texas**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Charter Township of Texas, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely-presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township.

*Discretely-presented component unit:*

*Downtown Development Authority:*

The component units' governing body is appointed by the Township Board and their budgets must be approved by the Township Board. Separate financial statements for the component unit have not been issued, as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of each component unit.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**Charter Township of Texas**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Sewer and Water Fund accounts for the financial resources used for the expansion and repairs and maintenance of sewer and water lines located in the Township. Revenues are primarily derived from connection fees.

The Lakes Sewer Debt Fund accounts for the financial resources used for the payment of long-term debt. Revenues are primarily derived from special assessments.

The Rudgate 1, 2, & 3 Debt Fund accounts for the financial resources used for the payment of long-term debt. Revenues are primarily derived from special assessments

The Township reports a single proprietary fund, Building Inspection Fund, which accounts for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

**Charter Township of Texas**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

The Township reports a single fiduciary fund, Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*d) Assets, liabilities, and net assets or equity:*

*i) Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

*ii) Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

*iii) Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

*iv) Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets retroactively.

**Charter Township of Texas**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity* (continued):

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 - 60 years
Equipment	3 - 5 years
Vehicles	3 - 20 years
Sewer and water systems	50 years
Roads	10 - 30 years

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is July 1, and, accordingly, the total levy is recognized as revenue in the current year.

The 2003 taxable valuation of the Township totaled \$462,325,715, on which ad valorem taxes levied consisted of the following:

<u>Fund</u>	<u>Millage rate</u>	<u>Purpose</u>	<u>Taxes raised</u>
General	0.8846	Operating	\$ 410,585

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

**Charter Township of Texas**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued):**

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Sewer and Water	Public works	\$ -	\$ 22,063	\$ (22,063)
Kelly Meadows Sewer	Public works	-	225,321	(225,321)
Eagle Lake	Public works	43,790	53,969	(10,179)
Sewer #5	Public works	-	3,646	(3,646)
Road Improvement	Public works	4,579	5,842	(1,263)
Street Lighting	Public works	-	52,619	(52,619)

**NOTE 3 - CASH:**

The Township and Component Unit's cash are as follows:

<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Component unit</u>	<u>Totals</u>
<u>\$ 5,499,182</u>	<u>\$ 2,067,884</u>	<u>\$ 15,946</u>	<u>\$ 7,583,012</u>

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township and Component Unit's deposits are in accordance with statutory authority. At December 31, 2004, the Township has deposits with a carrying amount of \$7,583,012 and a bank balance of \$9,938,130. Of the bank balance \$1,300,000 is covered by federal depository insurance and \$8,638,130 is uninsured.

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the government's individual major and nonmajor funds, in the aggregate, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 24,517	\$ 260,573	\$ -	\$ 132,375	\$ 417,465
Sewer & Water	-	-	35,205	-	35,205
Lakes Sewer Debt	-	-	559,878	-	559,878
Rudgate1, 2, & 3 Debt	-	-	271,882	-	271,882
Nonmajor funds	-	-	473,970	-	473,970
Totals	<u>\$ 24,517</u>	<u>\$ 260,573</u>	<u>\$ 1,340,935</u>	<u>\$ 132,375</u>	<u>\$ 1,758,400</u>

**Charter Township of Texas**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 - CAPITAL ASSETS:**

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 24,220	\$ 45,000	\$ -	\$ 69,220
Capital assets being depreciated:				
Buildings	508,250	-	-	508,250
Improvements	200,919	-	-	200,919
Furniture and equipment	313,734	55,206	-	368,940
Vehicles	877,900	135,381	-	1,013,281
Infrastructure	<u>10,307,329</u>	<u>204,000</u>	<u>-</u>	<u>10,511,329</u>
Subtotal	<u>12,208,132</u>	<u>394,587</u>	<u>-</u>	<u>12,602,719</u>
Less accumulated depreciation for:				
Buildings	69,802	12,706	-	82,508
Improvements	76,804	7,845	-	84,649
Furniture and equipment	142,763	37,365	-	180,128
Vehicles	295,937	51,658	-	347,595
Infrastructure	<u>1,259,028</u>	<u>210,227</u>	<u>-</u>	<u>1,469,255</u>
Subtotal	<u>1,844,334</u>	<u>319,801</u>	<u>-</u>	<u>2,164,135</u>
Total capital assets being depreciated (net)	<u>10,363,798</u>	<u>74,786</u>	<u>-</u>	<u>10,438,584</u>
Governmental activities capital assets, net	<u>\$ 10,388,018</u>	<u>\$ 119,786</u>	<u>\$ -</u>	<u>\$ 10,507,804</u>

Depreciation expense was charged to functions of the Township as follows:

General government	\$ 38,153
Public safety	71,421
Public works	<u>210,227</u>
Total governmental activities	<u>\$ 319,801</u>



**Charter Township of Texas**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 6 - DEFERRED REVENUE:**

Governmental funds report deferred revenues in connection with resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenues are as follows:

<u>Fund</u>	<u>Unearned</u>	<u>Unavailable</u>	<u>Totals</u>
General	\$ 580,617	\$ -	\$ 580,617
Sewer & Water	-	35,205	35,205
Lakes Sewer Debt	-	559,878	559,878
Rudgate1, 2, & 3 Debt	-	271,882	271,882
Nonmajor funds	<u>143,278</u>	<u>416,455</u>	<u>559,733</u>
Totals	<u>\$ 723,895</u>	<u>\$ 1,283,420</u>	<u>\$ 2,007,315</u>

**NOTE 7 - NONCURRENT LIABILITIES:**

Long-term debt at December 31, 2004, is comprised of the following individual issues:

\$2,910,000 refunding sewer disposal system limited tax general obligation bonds due in annual installments of \$210,000 to \$375,000 starting May 2005, through May 2013; variable interest from 2.50% to 4.00%	\$ 2,910,000
\$750,000 sewer disposal system serial bonds due in annual installments of \$19,000 to \$41,000 starting April 1999, through April 2017; interest at 6.80%	369,000
\$660,000 sewer disposal system serial bonds due in annual installments of \$12,000 to \$36,000 starting April 1999, through April 2017; interest at 6.205%	340,000
Unamortized premium	<u>65,402</u>
Total	<u>\$ 3,684,402</u>

The Township has pledged its full faith and credit for the payment of these bond issues.

**Charter Township of Texas**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 7 - NONCURRENT LIABILITIES (Continued):**

Long-term debt activity for the year ended December 31, 2004, was as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
Governmental activities:					
1994 serial bonds	\$ 950,000	\$ -	\$ (950,000)	\$ -	\$ -
1994 serial bonds	2,150,000	-	(2,150,000)	-	-
1999 serial bonds	410,000	-	(41,000)	369,000	41,000
1999 serial bonds	374,000	-	(34,000)	340,000	34,000
2004 refunding bonds	-	2,910,000	-	2,910,000	375,000
Unamortized premium	-	65,402	-	65,402	-
Total governmental activities	<u>\$ 3,884,000</u>	<u>\$ 2,975,402</u>	<u>\$ (3,175,000)</u>	<u>\$ 3,684,402</u>	<u>\$ 450,000</u>

At December 31, 2004, debt service requirements on long-term debt are as follows:

<i>Year ended December 31,</i>	<i>Governmental activities</i>	
	<i>Principal</i>	<i>Interest</i>
2005	\$ 450,000	\$ 132,844
2006	405,000	119,372
2007	420,000	105,307
2008	440,000	90,248
2009	430,000	73,990
2010 - 2014	<u>1,474,000</u>	<u>128,382</u>
Totals	<u>\$ 3,619,000</u>	<u>\$ 650,143</u>

**NOTE 8 - PAYABLES:**

	<i>Accounts</i>	<i>Interest</i>	<i>Totals</i>
General	\$ 25,680	\$ -	\$ 25,680
Water & Sewer	4,955		4,955
Lakes Sewer Debt	570	10,800	11,370
Rudgate 1, 2, & 3 Debt	-	5,300	5,300
Building Inspections	1,035		1,035
Nonmajor funds	<u>42,618</u>	<u>10,900</u>	<u>53,518</u>
Total	<u>\$ 74,858</u>	<u>\$ 27,000</u>	<u>\$ 101,858</u>

**Charter Township of Texas**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

A summary of interfund transfers for the year ended December 31, 2004, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
General	\$ 78,581	Revolving Improvement	\$ 78,581
Kelly Meadows Sewer	201,000	Sewer & Water	219,000
Lakes Sewer Debt	<u>18,000</u>		
	<u>219,000</u>		
Eagle Lake	<u>8,000</u>	General	<u>8,000</u>
Total primary government	<u>\$ 305,581</u>		<u>\$ 305,581</u>

The transfer to the General Fund represents unrestricted revenues from the Revolving Improvement Fund to help defer costs associated with the purchase of fire apparatus.

The transfers to Kelly Meadows Sewer and Lakes Sewer Debt represent unrestricted revenues from the Sewer & Water Fund to pay for expansion of sewer lines and debt service.

Transfer to Eagle Lake Fund represents unrestricted revenues from the General Fund to help defer costs associated with weed control until special assessments will be collected.

Transfer to the Component Unit represents unrestricted revenues from the General Fund to help defer costs in the Downtown Development Authority area until taxes can be collected.

**NOTE 10 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The risks of loss arising from general liability of up to \$4,000,000, building contents and property, and workers' compensation coverage are managed through purchased commercial insurance.

**NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township provides pension benefits for all elected officials and full-time employees (over 30 hours per week) through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Township contributes 10% of each qualified employee's base salary to the plan. The Township's contributions are fully vested immediately. The Township made the required contributions of \$46,437 for the year ended December 31, 2004.

The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets

**Charter Township of Texas**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLES:**

Effective January 1, 2004, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change in the governmental funds:

Net assets, as previously reported -	
General, special revenue, and debt service funds	\$ 5,182,065
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,388,018
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	1,465,187
Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.	(3,884,000)
Interest related to bonds payable.	(39,300)
Net assets of the Building Inspections Fund	<u>91,479</u>
Net assets, as restated	<u>\$ 13,203,449</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Charter Township of Texas**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended December 31, 2004

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 527,000	\$ 527,000	\$ 551,040	\$ 24,040
Licenses and permits	64,750	64,750	88,137	23,387
State grants	740,000	734,299	726,215	(8,084)
Charges for services	17,150	17,150	91,719	74,569
Fines and forfeitures	7,000	7,000	7,710	710
Interest and rentals	46,000	46,000	19,586	(26,414)
Other	2,550	2,600	30,533	27,933
Total revenues	<u>1,404,450</u>	<u>1,398,799</u>	<u>1,514,940</u>	<u>116,141</u>
<b>EXPENDITURES</b>				
Legislative	<u>17,100</u>	<u>17,100</u>	<u>13,251</u>	<u>3,849</u>
General government:				
Supervisor	55,908	58,356	57,873	483
Election	19,500	25,600	31,988	(6,388)
Assessor	70,540	70,540	53,124	17,416
Clerk	124,708	127,708	124,828	2,880
Board of review	3,320	3,320	1,732	1,588
Treasurer	83,708	83,708	77,333	6,375
Hall and grounds	91,750	95,750	75,248	20,502
Cemetery	12,950	12,950	10,550	2,400
Other	252,050	259,960	228,937	31,023
Total general government	<u>714,434</u>	<u>737,892</u>	<u>661,613</u>	<u>76,279</u>
Public safety:				
Fire	281,916	288,127	277,432	10,695
Police	112,800	116,540	112,788	3,752
Total public safety	<u>394,716</u>	<u>404,667</u>	<u>390,220</u>	<u>14,447</u>
Public works:				
Highways and streets	120,000	120,000	110,913	9,087
Street lights	3,000	3,000	2,297	703
Sanitation and refuse collection	37,700	37,700	32,781	4,919
Total public works	<u>160,700</u>	<u>160,700</u>	<u>145,991</u>	<u>14,709</u>

**Charter Township of Texas**  
**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**  
Year ended December 31, 2004

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Community and economic development - planning and zoning	<u>\$ 128,574</u>	<u>\$ 138,574</u>	<u>\$ 93,700</u>	<u>\$ 44,874</u>
Recreation and culture - parks and recreation	<u>8,450</u>	<u>10,450</u>	<u>8,466</u>	<u>1,984</u>
Capital outlay	<u>97,500</u>	<u>242,990</u>	<u>231,960</u>	<u>11,030</u>
Total expenditures	<u>1,521,474</u>	<u>1,712,373</u>	<u>1,545,201</u>	<u>167,172</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(117,024)	(313,574)	(30,261)	283,313
<b>OTHER FINANCING SOURCES (USES)</b>				
Primary government:				
Revolving Improvement	-	79,000	78,581	(419)
Eagle Lake	-	(50,000)	(8,000)	42,000
Component unit - DDA	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total other sources (uses)	<u>-</u>	<u>(21,000)</u>	<u>20,581</u>	<u>41,581</u>
<b>NET CHANGES IN FUND BALANCE</b>	(117,024)	(334,574)	(9,680)	324,894
<b>FUND BALANCES - BEGINNING</b>	<u>1,459,825</u>	<u>1,459,825</u>	<u>1,459,825</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,342,801</u>	<u>\$ 1,125,251</u>	<u>\$ 1,450,145</u>	<u>\$ 324,894</u>

**Charter Township of Texas****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - Sewer & Water Fund**

Year ended December 31, 2004

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	<i><b>Original budget</b></i>	<i><b>Amended budget</b></i>	<i><b>Actual</b></i>	<i><b>Variance favorable (unfavorable)</b></i>
<b>REVENUES</b>				
Charges for service	\$ -	\$ -	\$ 79,204	\$ 79,204
Interest	-	-	32,384	32,384
Other - special assessments	-	-	13,964	13,964
	<u>-</u>	<u>-</u>	<u>125,552</u>	<u>125,552</u>
Total revenues	<u>-</u>	<u>-</u>	<u>125,552</u>	<u>125,552</u>
<b>EXPENDITURES</b>				
General government	-	-	550	(550)
Public works	-	-	21,513	(21,513)
	<u>-</u>	<u>-</u>	<u>22,063</u>	<u>(22,063)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>22,063</u>	<u>(22,063)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>103,489</u>	<u>103,489</u>
<b>OTHER FINANCING USES</b>				
Kelly Meadows Sewer	-	(201,000)	(201,000)	-
Lakes Sewer Debt	-	(18,000)	(18,000)	-
	<u>-</u>	<u>(219,000)</u>	<u>(219,000)</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>(219,000)</u>	<u>(219,000)</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCE</b>	-	(219,000)	(115,511)	103,489
<b>FUND BALANCE - BEGINNING</b>	<u>1,815,670</u>	<u>1,815,670</u>	<u>1,815,670</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$1,815,670</u>	<u>\$ 1,596,670</u>	<u>\$ 1,700,159</u>	<u>\$ 103,489</u>



## **SUPPLEMENTARY INFORMATION**

**Charter Township of Texas**  
**COMBINING BALANCE SHEET - nonmajor governmental funds**  
December 31, 2004

<b>Special revenue funds</b>				
	<b><u>Road Improvement</u></b>	<b><u>Street Lighting</u></b>	<b><u>Fire</u></b>	<b><u>Sewer #5</u></b>
<b>ASSETS</b>				
Cash	\$ 2,023	\$ 50,026	\$ -	\$ 608,123
Receivables	<u>828</u>	<u>25,697</u>	<u>-</u>	<u>5,318</u>
Total assets	<u>\$ 2,851</u>	<u>\$ 75,723</u>	<u>\$ -</u>	<u>\$ 613,441</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Payables	\$ 175	\$ 4,285	\$ -	\$ 14,630
Deferred revenue	<u>1,800</u>	<u>61,149</u>	<u>-</u>	<u>5,318</u>
Total liabilities	<u>1,975</u>	<u>65,434</u>	<u>-</u>	<u>19,948</u>
Fund balances:				
Unreserved, undesignated	<u>876</u>	<u>10,289</u>	<u>-</u>	<u>593,493</u>
Total liabilities and fund balances	<u>\$ 2,851</u>	<u>\$ 75,723</u>	<u>\$ -</u>	<u>\$ 613,441</u>

<i>Special revenue funds</i>				<i>Debt service funds</i>		<i>Totals</i>
<i>Eagle Lake</i>	<i>Crooked Lake</i>	<i>Revolving Improvement</i>	<i>Kelly Meadows Sewer</i>	<i>Q Avenue Debt</i>	<i>Pretty Lake Debt</i>	
\$ 41,398	\$ 24,308	\$ 595,779	\$ 697	\$ 307,203	\$ 174,105	\$ 1,803,662
<u>20,111</u>	<u>10,879</u>	<u>-</u>	<u>188,899</u>	<u>56,308</u>	<u>165,930</u>	<u>473,970</u>
<u>\$ 61,509</u>	<u>\$ 35,187</u>	<u>\$ 595,779</u>	<u>\$ 189,596</u>	<u>\$ 363,511</u>	<u>\$ 340,035</u>	<u>\$ 2,277,632</u>
\$ 9,171	\$ -	\$ -	\$ 587	\$ 13,770	\$ -	\$ 42,618
<u>51,600</u>	<u>28,729</u>	<u>-</u>	<u>188,899</u>	<u>56,308</u>	<u>165,930</u>	<u>559,733</u>
<u>60,771</u>	<u>28,729</u>	<u>-</u>	<u>189,486</u>	<u>70,078</u>	<u>165,930</u>	<u>602,351</u>
<u>738</u>	<u>6,458</u>	<u>595,779</u>	<u>110</u>	<u>293,433</u>	<u>174,105</u>	<u>1,675,281</u>
<u>\$ 61,509</u>	<u>\$ 35,187</u>	<u>\$ 595,779</u>	<u>\$ 189,596</u>	<u>\$ 363,511</u>	<u>\$ 340,035</u>	<u>\$ 2,277,632</u>

**Charter Township of Texas****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended December 31, 2004

	<b>Special revenue funds</b>			
	<b><u>Road Improvement</u></b>	<b><u>Street Lighting</u></b>	<b><u>Fire</u></b>	<b><u>Sewer #5</u></b>
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ -	\$ 95,370
Interest	-	-	-	8,025
Other - special assessments	<u>5,050</u>	<u>50,158</u>	<u>-</u>	<u>10,027</u>
Total revenues	<u>5,050</u>	<u>50,158</u>	<u>-</u>	<u>113,422</u>
<b>EXPENDITURES</b>				
General government	-	-	-	550
Public works	5,842	52,619	-	3,646
Capital outlay	-	-	3,627	-
Debt service:				
Principal	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>5,842</u>	<u>52,619</u>	<u>3,627</u>	<u>4,196</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(792)</u>	<u>(2,461)</u>	<u>(3,627)</u>	<u>109,226</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds:				
Transfer in	-	-	-	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(792)</u>	<u>(2,461)</u>	<u>(3,627)</u>	<u>109,226</u>
<b>FUND BALANCES - BEGINNING</b>	<u>1,668</u>	<u>12,750</u>	<u>3,627</u>	<u>484,267</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 876</u>	<u>\$ 10,289</u>	<u>\$ -</u>	<u>\$ 593,493</u>

<i>Special revenue funds</i>				<i>Debt service funds</i>		
<i>Eagle Lake</i>	<i>Crooked Lake</i>	<i>Revolving Improvement</i>	<i>Kelly Meadows Sewer</i>	<i>Q Avenue Debt</i>	<i>Pretty Lake Debt</i>	<i>Total</i>
\$ -	\$ -	\$ -	\$ -	\$ 127,360	\$ -	\$ 222,730
-	-	27,542	3,965	4,645	16,990	61,167
44,000	28,729	-	8,288	21,991	23,470	191,713
44,000	28,729	27,542	12,253	153,996	40,460	475,610
200	200	-	-	300	200	1,450
53,970	27,268	-	225,321	-	-	368,666
-	-	-	-	-	-	3,627
-	-	-	-	950,000	41,000	991,000
-	-	-	-	83,608	26,920	110,528
54,170	27,468	-	225,321	1,033,908	68,120	1,475,271
(10,170)	1,261	27,542	(213,068)	(879,912)	(27,660)	(999,661)
8,000	-	-	201,000	903,249	-	903,249
-	-	(78,581)	-	-	-	209,000
-	-	(78,581)	-	-	-	(78,581)
8,000	-	(78,581)	201,000	903,249	-	1,033,668
(2,170)	1,261	(51,039)	(12,068)	23,337	(27,660)	34,007
2,908	5,197	646,818	12,178	270,096	201,765	1,641,274
\$ 738	\$ 6,458	\$ 595,779	\$ 110	\$ 293,433	\$ 174,105	\$1,675,281

**SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 CONTINUING DISCLOSURE**  
***(UNAUDITED)***

**Charter Township of Texas****Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure (Unaudited)**

December 31, 2004

**HISTORY OF PROPERTY VALUATIONS**

<u>Year</u>	<u>State Equalized Valuation</u>	<u>Taxable Value</u>
2004	\$601,617,900	\$502,948,827
2003	548,068,850	462,325,715
2002	494,701,800	428,428,041
2001	442,359,700	385,484,669
2000	410,382,300	353,088,896
1999	377,543,800	328,181,475
1998	349,279,000	307,373,136
1997	316,800,000	281,231,524
1996	284,656,304	260,030,339
1995	251,149,600	236,046,701

An analysis of **Taxable Value** is as follows:

	<u>BY CLASS</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Real Property	\$484,193,127	\$441,497,915	\$407,908,141
Personal Property	18,755,700	20,827,800	20,519,900
<b>TOTAL</b>	<u>\$502,948,827</u>	<u>\$462,325,715</u>	<u>\$428,428,041</u>
	<u>BY USE</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Residential	\$423,894,020	\$383,090,162	\$351,559,171
Agricultural	3,455,905	4,596,763	5,250,638
Commercial	49,513,336	46,645,197	43,985,772
Industrial	7,329,866	7,165,793	7,112,560
Personal Property	18,755,700	20,827,800	20,519,900
<b>TOTAL</b>	<u>\$502,948,827</u>	<u>\$462,325,715</u>	<u>\$428,428,041</u>

Source: Kalamazoo County Equalization Department

According to Township officials, the 2004 State Equalized Valuation and the 2004 Taxable Value of each of the Township's major taxpayers is as follows:

<u>Name of Taxpayer</u>	<u>2004 State Equalized Valuation</u>	<u>2004 Taxable Value</u>
National City Bank of Michigan/Illinois	\$16,419,000	\$13,664,856
Consumers Energy	6,456,100	6,273,553
Pharmacia & Upjohn Co.	5,917,600	5,917,600
Bronson Management Services Corp.	4,332,600	4,038,954
Michigan Distribution Partners	4,233,300	3,593,696
Twin Star Ice Arena LLC	3,494,100	2,821,614
Distributors Center Partners	2,500,800	2,088,249
Laboratory Research Inc.	2,477,500	2,162,587
Lageoc Ostemo Properties LLC	2,113,400	1,760,745
Hidden Valley LLC	2,003,400	1,833,071

(Unaudited)

**TAX RATES\***  
(Per \$1,000 of Taxable Value)

	2004		2003		2002	
	<u>Homestead</u>	<u>Non Homestead</u>	<u>Homestead</u>	<u>Non Homestead</u>	<u>Homestead</u>	<u>Non Homestead</u>
Charter Township of Texas						
- Operating	\$0.8741	\$0.8741	\$0.8846	\$0.8846	\$0.8938	\$0.8938
Kalamazoo Library	N/A	N/A	3.9583	3.9583	3.9583	3.9583
Portage Library	N/A	N/A	1.4900	1.4900	1.4900	1.4900
County of Kalamazoo	N/A	N/A	6.1362	6.1362	6.1362	6.1362
Mattawan School District - Local	N/A	N/A	0.0000	18.0000	0.0000	18.0000
- Debt	N/A	N/A	7.7315	7.7315	7.7290	7.7290
State Education Tax (SET)	6.0000	6.0000	5.0000	5.0000	6.0000	6.0000
Kalamazoo Regional Educ. Service Agency	3.0416	3.0416	3.0416	3.0416	3.0416	3.0416
Kalamazoo Valley Community College	2.8135	2.8135	2.8139	2.8139	2.8139	2.8139
Total All Jurisdictions	<u>\$12.7292</u>	<u>\$12.7292</u>	<u>\$31.0561</u>	<u>\$49.0561</u>	<u>\$32.0628</u>	<u>\$50.0628</u>

\* *Homestead* means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Homestead includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the homestead includes only 5 acres adjacent and contiguous to the home of the owner. Homestead includes a life care facility registered under the living care disclosure act, Act No. 440, Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. *Non-homestead* is property not included in the above definition.

Source: Charter Township of Texas

**TAX RATE LIMITATIONS**

The Township Charter provides tax rate limitations as follows:

<u>Purpose</u>	<u>Rate</u> (per \$1,000 of <u>Taxable Value</u> )	<u>Maximum</u> <u>Permitted Rate</u>
General Operating	\$1.0000	\$0.8741

The Township may levy taxes in excess of the above limitation pursuant to state law for the following purposes:

<u>Purpose</u>	<u>Authority</u>	<u>Rate</u> (per \$1,000 of <u>Taxable Value</u> )
Police & Fire Pension Requirements	Act 345, P.A. of Michigan 1937, as amended	Amount Required to Make Contribution
Police Operations	Act 33, P.A. of Michigan 1951, as amended	\$10.00 (for vehicles, apparatus, equipment and housing) plus amount required for operations (unlimited)
Fire Operations	Act 33, P.A. of Michigan 1951, as amended	\$10.00 (for vehicles, apparatus, equipment and housing) plus amount required for operations (unlimited)

(Unaudited)



In addition, Article IX, Section 6, permits the levy of millage in excess of the above for:

1. All debt service on tax supported bonds issued prior to December 23, 1978 or tax supported issues which have been approved by the voters for which the issuer has pledged its full faith and credit.
2. Operating purposes for a specified period of time provided that said increase is approved by a majority of the qualified electors of the local unit.
3. Payment of valid judgments levied in accordance with State law.

### TAX LEVIES AND COLLECTIONS

<u>Year</u>	<u>Tax Levy</u>	<u>Collections to March 1 of Following Year</u>	
2004	\$439,627	In process of collection	
2003	408,471	\$393,200	96.26%
2002	382,569	364,504	95.28%
2001	346,179	332,037	95.91%
2000	318,278	304,383	95.63%
1999	298,893	285,664	95.57%
1998	282,356	272,807	96.62%
1997	259,801	251,254	96.71%

Source: Treasurer, Charter Township of Texas

The Township's taxes are due and payable and a lien created upon the assessed property on March 1, each year. Taxes remaining unpaid on the following March 1st are turned over to the County Treasurer for collection.

The General Property Tax Act was amended by Act 123 of Public Acts of Michigan of 1999 ("Act 123") which made extensive revision to the procedures for collection of delinquent real property taxes. In general, for real property taxes levied after December 31, 1998, all property returned for delinquent taxes is subject to forfeiture, foreclosure and sale for the delinquent taxes in lieu of the tax lien sale held heretofore by the Township Treasurer on the second Monday in May (which followed by twenty six (26) months the return of the delinquent taxes). Act 123 has the effect of shortening the process for collection of delinquent real property taxes from approximately six years (including statutory redemption periods) to approximately four years. Act 123 will not affect the obligation or authority of the Township to levy any taxes necessary for payment of debt service on general obligation limited tax bonds of the Township, including the Bonds offered herein, subject to constitutional and statutory limitations.

Kalamazoo County has established a Delinquent Tax Revolving Fund which pays all real property taxes returned delinquent to the County Treasurer as of March 1st of each year. If feasible, it is anticipated that the County will continue to reimburse the Township for any uncollected taxes, but there is no assurance that this will be the case since the County is not obligated to continue this fund in future years. Uncollected personal property taxes must be collected by the local treasurer and are negligible.

The following table sets forth the annual revenue sharing payments and other monies received by the Township for the fiscal years ended December 31, 2000 through December 31, 2004 and the amount estimated to be received in fiscal year ending December 31, 2005.

<u>Fiscal Year Ending</u>	<u>Revenue</u>
<u>December 31</u>	<u>Sharing Payments</u>
2005 <sup>(1)</sup>	\$750,703
2004 <sup>(2)</sup>	723,301
2003	803,712
2002	815,007
2001	813,253
2000	583,950

<sup>(1)</sup> Estimated, based upon the 2004-2005 budget, reflects changes made in December 2003.

<sup>(2)</sup> Preliminary, subject to audit.

Source: Web site <http://www.michigan.gov/treasury>

## GENERAL FUND-FUND BALANCE

The Township's General Fund fund balance for the last five years has been as follows:

Fiscal Year Ending

<u>December 31</u>	<u>Fund Balance</u>
2003	\$1,459,825
2002	1,511,716
2001	1,486,945
2000	1,868,653
1999	1,406,041

Source: Charter Township of Texas audited financial statements

## DEBT STATEMENT

(As of September 30, 2004, including the Bonds described herein)

### DIRECT DEBT

Special Assessment Bonds			
07/01/97	Sewer, LT	\$533,000	
10/01/97	Water & Sewer, LT	444,000	\$977,000
County Issued SewerBonds *			
Date of Delivery			2,920,000
Installment Purchase Contracts **			
			709,000
<b>TOTAL DIRECT DEBT</b>			<b>4,606,000</b>
Less: Special Assessment Bonds			977,000
<b>NET DIRECT DEBT</b>			<b>\$3,629,000</b>

### OVERLAPPING DEBT

4.45%	Kalamazoo School District	\$80,353,000	\$3,575,708
42.88%	Mattawan School District	31,166,258	13,364,092
8.96%	Portage School District	38,802,000	3,476,659
5.65%	Schoolcraft School District	20,435,046	1,154,580
7.23%	Kalamazoo County @ Large	9,500,000	686,850
4.46%	Kalamazoo Intermediate School District	0	0
8.15%	Van Buren Intermediate School District	0	0
7.18%	Kalamazoo Valley Community College	0	0
3.96%	Kalamazoo District Library	11,600,000	459,360
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$22,717,249</b>
<b>NET DIRECT AND OVERLAPPING DEBT</b>			<b>\$26,346,249</b>

Source: Municipal Advisory Council of Michigan

\* Estimated, subject to change.

\*\* Act 99 of 1933, as amended, provides for the acquisition of any real or personal property through the use of a contract or agreement to be paid for in installments, provided the outstanding balance of all such purchases, exclusive of interest, shall not exceed 1 1/4% of the Taxable Value of real and personal property in the Township. The amount of such contracts or agreements cannot exceed \$6,286,860 (1 1/4% of the Township's 2004 Taxable Value of \$502,948,827).

Source: Charter Township of Texas

(Unaudited)

**DEBT RATIOS:**

Per Capita 2004 State Equalized Valuation	\$55,098.26
Per Capita 2004 True Cash Value	\$110,196.52
Per Capita Net Direct Debt	\$331.44
Per Capita Combined Net Direct and Overlapping Debt	\$2,411.97
Percent Net Direct Debt of 2004 State Equalized Valuation	0.60%
Percent Net Direct and Overlapping Debt of 2004 State Equalized Valuation	4.38%
Percent of Net Direct Debt of 2004 True Cash Value	0.30%
Percent of Net Direct and Overlapping Debt of 2004 True Cash Value	2.19%

**STATEMENT OF LEGAL DEBT MARGIN**

*(As of September 30, 2004, including the Bonds described herein)*

2004 State Equalized Valuation	\$601,617,900
Debt Limited 10% of State Equalized Valuation (1)	60,161,790
Amount of Outstanding Debt *	4,606,000
Less: (2-a) Special Assessment Bonds	977,000

<b>LEGAL DEBT MARGIN</b>	<b>\$56,532,790</b>
--------------------------	---------------------

(1) Act 359, Public Acts of Michigan, 1947, as amended (the "Charter Township Act"), provides that the net indebtedness of the Township shall not exceed 10% of all assessed real and personal property in the Township.

(2) Bonds which are not included in the computation of legal debt margin according to the Charter Township Act are:

- (a) Special Assessment Bonds;
- (b) Revenue Bonds;
- (c) Bonds issued, or contract or assessment obligations incurred, to comply with an order of the former water resources commission, the department of environmental quality, or a court of competent jurisdiction.
- (d) Bonds issued, or contract or assessment obligations incurred, for water supply, sewage, drainage or refuse disposal projects necessary to protect the public health by abating pollution;
- (e) Bonds issued, or contract or assessment obligations incurred, for the construction, improvement or replacement of a combined sewer overflow abatement facility;
- (f) Bonds issued to pay premiums or establish self-insurance contracts in accordance with Act 34, Public Acts of Michigan, 2001, as amended.

\*Estimated, subject to change.

## MAJOR EMPLOYERS

According to Township officials, major employers in the Township are as follows:

<u>Firm Name</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Kalamazoo Valley Comm. College	Education	1,000
National City Bank of Michigan/Illinois	Banking	500
Dana Corp.	Research	250/300
UPS	Parcel delivery	250/300
TLC	Distribution center	110
Cracker Barrel	Restaurant	50
DeLoof Construction	Commercial, Agricultural & Industrial	10

(Unaudited)